
The relationship between financial leverage and earnings management in Tehran Stock Exchange companies

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Abstract The main purpose of this study is to investigate the relationship between financial leverage and corporate profit management. To test the hypotheses, 110 companies were selected through the systematic knockout method in Tehran Stock Exchange between 1391 and 1395. The research variables were analyzed using linear regression model and combined data analysis method. Were placed. In this research, three criteria of financial leverage, abnormal production cost and abnormal optional cost as an independent variable and of accruals are used as an indicator of accrual-based management. The results of the research show that there is a meaningful relationship between real estate management and accrual-based management. As a result of increased abnormal production costs and abnormal discretionary costs resulting the actual management of profits, the use of accruals is increased as a way of increasing profit management, while the increase in financial leverage reduces accruals-based management. With these interpretations, the results of the research can be deduced that the use of both types of corporate profits is customary and companies, according to the circumstances, manipulate profits based on actual items of profit or accruals or both types of management Profits.

Keywords : Key Words: Financial leverage, Excessive manufacturing cost, Abnormal optional cost, Optional accruals

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